

MARION TOWNSHIP

(Livingston)

47-1120

REPORT ON AUDIT OF  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2004

# Auditing Procedures Report

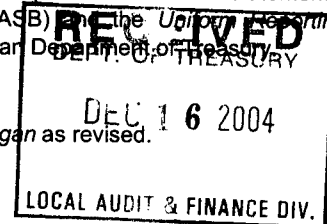
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>MARION TOWNSHIP</b>	County <b>LIVINGSTON</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>11/17/04</b>	Date Accountant Report Submitted to State: <b>12/15/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>PFEFFER, HANNIFORD &amp; PALKA, P.C.</b>			
Street Address <b>225 E. GRAND RIVER, STE. 104</b>		City <b>BRIGHTON</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48116</b>	Date <b>11/17/04</b>

**MARION TOWNSHIP**

**TOWNSHIP OFFICIALS**

Supervisor - Robert Hanvey  
Clerk - Myrna Schlittler  
Treasurer - Sue Lingle

**BOARD OF TRUSTEES**

Robert Hanvey  
Myrna Schlittler  
Sue Lingle  
Daniel Lowe  
David Hamann

**TOWNSHIP ATTORNEYS**

Miller, Kehoe & Associates

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**PFEFFER • HANNIFORD • PALKA**

*Certified Public Accountants*

**John M. Pfeffer, C.P.A.  
Patrick M. Hanniford, C.P.A.  
Kenneth J. Palka, C.P.A.**

*Members:  
AICPA Private Practice Companies Section  
MACPA*

**225 E. Grand River - Suite 104  
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(810) 229-5550  
FAX (810) 229-5578**

November 17, 2004

Board of Trustees  
Marion Township  
2877 West Coon Lake Road  
Howell, Michigan 48843

**INDEPENDENT AUDITORS' REPORT**

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion Township, as of and for the year ended June 30, 2004, which collectively comprise Marion Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marion Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion Township, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 13 and 41 and 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion Township's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pfeffer, Hanniford & Palka, P.C.*

**PFEFFER, HANNIFORD & PALKA**  
Certified Public Accountants

MANAGEMENT DISCUSSION  
AND  
ANALYSIS



Management Discussion and Analysis  
June 30, 2004

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Within this section of Marion Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2004. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include the sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

## ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

*Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

*Proprietary funds* are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

## ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

## ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

## **Financial Analysis of the Township as a Whole**

The Township has implemented the new financial reporting model used in this report beginning with the current fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$29,564,969. This is a \$561,656 increase over last year's net assets of \$29,003,313.

The following tables provide a summary of the Township's financial activities and changes in net assets:

**Summary of Net Assets**  
(Under GASB 34)

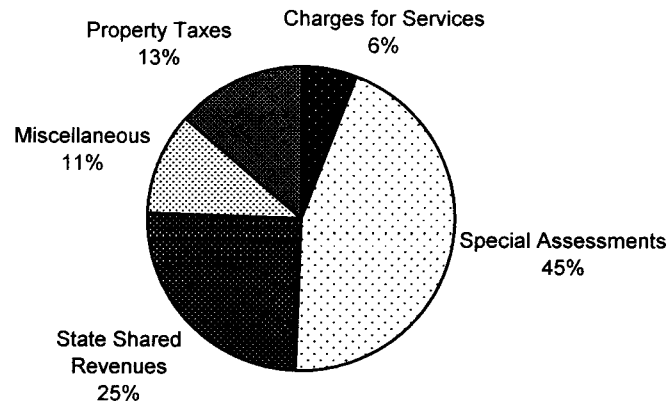
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 8,422,224	\$ 20,158,983	\$ 28,581,207
Capital assets	<u>975,788</u>	<u>20,603,191</u>	<u>21,578,979</u>
Total assets	<u>9,398,012</u>	<u>40,762,174</u>	<u>50,160,186</u>
Other liabilities	421,780	148,738	570,518
Long-term liabilities - contracts payable	<u>3,538,299</u>	<u>16,486,400</u>	<u>20,024,699</u>
Total liabilities	<u>3,960,079</u>	<u>16,635,138</u>	<u>20,595,217</u>
Net assets:			
Invested in capital assets, net of related debt	975,788	4,116,791	5,092,579
Unrestricted	<u>4,462,145</u>	<u>20,010,245</u>	<u>24,472,390</u>
Total net assets	<u><u>\$ 5,437,933</u></u>	<u><u>\$ 24,127,036</u></u>	<u><u>\$ 29,564,969</u></u>

**Summary of Changes in Net Assets**  
(Under GASB 34)

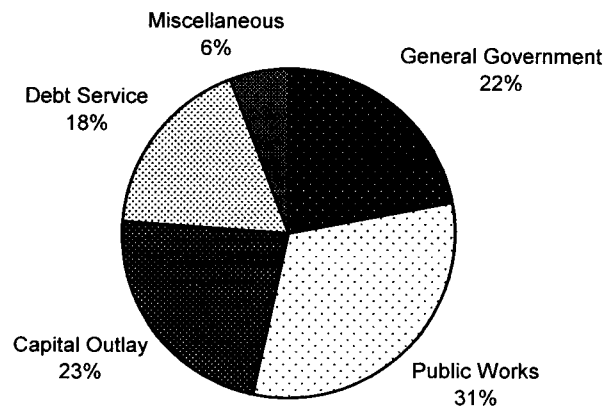
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ 213,782	\$ 82,997	\$ 296,779
Operating contributions	31,096		31,096
Capital contributions		1,362,548	1,362,548
General revenues			
State shared revenues	487,630		487,630
Property taxes	261,708		261,708
Interest income	441,034	994,018	1,435,052
Other	36,214	27,515	63,729
<b>Total revenues</b>	<u>1,471,464</u>	<u>2,467,078</u>	<u>3,938,542</u>
Expenses			
General government	523,765		523,765
Fire protection	74,747		74,747
Parks and recreation	64,028		64,028
Public works	748,615		748,615
Interest on long-term debt	200,993		200,993
Sewer system		1,764,738	1,764,738
<b>Total expenses</b>	<u>1,612,148</u>	<u>1,764,738</u>	<u>3,376,886</u>
Change in net assets	(140,684)	702,340	561,656
Beginning net assets	<u>5,578,617</u>	<u>23,424,696</u>	<u>29,003,313</u>
Ending net assets	<u><u>\$ 5,437,933</u></u>	<u><u>\$ 24,127,036</u></u>	<u><u>\$ 29,564,969</u></u>

## Modified Accrual Basis Graphs

### Governmental Fund Revenues



### Governmental Fund Expenditures



Cash and investments have decreased \$89,800 from the prior fiscal period. This is primarily due to the capital outlay expenditures of \$546,999 made during the year for the township hall expansion project. The Township financed \$180,658 of these expenditures.

The business-type funds revenues exceeded expenses by \$702,340 for the year ended June 30, 2004. Of this amount \$891,848 were connection fees paid by either residents and/or developers tapping into the sewage treatment system. These connection fees are revenue upon receipt, but do not necessarily have expenses matching in the current fiscal period.

The business-type funds spent \$2,367,227 expanding its sewage treatment system during the fiscal year ended June 30, 2004. A total of \$941,400 of debt was issued to finance this construction project. The debt was for the purchase of additional capacity from the City of Howell.

#### Financial Analysis of the Township's Funds

The Township had four major funds for the year ended June 30, 2004. Three of the four major funds were governmental funds which included: the General Fund, the Water System Assessment Fund, and the Water New User Fund. The sole business-type fund was the Sewer Fund.

The General Fund had revenues exceeding expenditures by \$655. The near breakeven was due to the large amounts of capital expenditures in the current year for the township hall expansion project.

The Water System Assessment Fund had revenues over expenditures totaling \$179,807. This fund accounts for the assessment and related debt service for the Township's participation in the MHOG water authority. The excess of revenues over expenditures will be reduced annually until the bonds have been paid off.

The Water New User Fund's expenditures exceeded revenues by \$339,888. This fund accounts for the tap-ins and unbonded assessments for the Township's participation in the MHOG water authority. The current year excess of \$339,888 is primarily due to a water plant expansion, of which the Township paid its share of \$600,000.

The Township's sole business-type fund, the Sewer Fund, had a net income of \$702,340. This income is largely due to connection fees paid to the Township and additional infrastructure added to the collection system by developers. Title to the infrastructure is later transferred to the Township. Connection fees are income when they are assessed, but do not normally have offsetting expenses in the current period.

#### General Fund Budgetary Highlights

The Township adopted its budget prior to beginning operations for the year ended June 30, 2004. Total appropriations exceeded actual expenditures by \$194,959. This excess is largely due to the excess appropriations of the road and capital outlay cost centers. The budget was amended during the fiscal year to bring the budget closer to economic reality before the end of the fiscal year. Major amendments were made to the budget to account for the large capital outlay expenditures for the township hall expansion project.

#### Capital Asset and Debt Administration

The governmental funds of the Township spent \$564,476 in capital outlay for the township hall construction project. The Township issued \$180,658 of debt to finance this construction project. The business-type fund spent \$2,367,227 and issued \$941,400 to finance the expansion project of the sewage treatment facility.

#### Economic Conditions and Future Activities

The Township is anticipating a further drop in state revenue sharing for its general fund to continue into next year due to the declining economic environment. This reduction in revenue should be offset by the end of the Township's commitment to the expansion of the township hall.

#### Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Marion Township at 2877 West Coon Lake Road, Howell, Michigan 48843.

BASIC  
FINANCIAL  
STATEMENTS

GOVERNMENTAL-WIDE  
FINANCIAL  
STATEMENTS



MARION TOWNSHIP  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	Primary Government		
	Governmental	Business-	
	Activities	type	Total
		Activities	
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 3,375,177	\$ 3,785,503	\$ 7,160,680
Cash and investments - restricted		1,844,931	1,844,931
Receivable			
Intergovernmental	103,969		103,969
State shared revenues	152,261		152,261
Accounts	17,804	25,851	43,655
Special assessments - restricted	4,773,013	14,073,306	18,846,319
Mortgage		429,392	429,392
Capital assets:			
Land	89,387	166,051	255,438
Buildings and improvements	549,585	9,795,116	10,344,701
Sewer systems		12,864,902	12,864,902
Machinery and equipment	28,000	134,102	162,102
Construction in progress	588,120		588,120
Less accumulated depreciation	(279,304)	(2,356,980)	(2,636,284)
Total assets	<u>9,398,012</u>	<u>40,762,174</u>	<u>50,160,186</u>
<u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	74,975	56,184	131,159
Accounts payable - intergovernmental	9,569	92,554	102,123
Accrued liabilities	24,606		24,606
Due to utility authorities	312,630		312,630
Contracts payable	<u>3,538,299</u>	<u>16,486,400</u>	<u>20,024,699</u>
Total liabilities	<u>3,960,079</u>	<u>16,635,138</u>	<u>20,595,217</u>
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	975,788	4,116,791	5,092,579
Unrestricted	<u>4,462,145</u>	<u>20,010,245</u>	<u>24,472,390</u>
Total net assets	<u>\$ 5,437,933</u>	<u>\$ 24,127,036</u>	<u>\$ 29,564,969</u>

The notes are an integral part of the financial statements.

MARION TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions</u>	<u>Capital Contributions</u>
Governmental activities				
General government	\$ (523,765)	\$ 187,953	\$	\$
Fire protection	(74,747)	14,829		
Parks and recreation	(64,028)			
Public works	(748,615)	11,000	31,096	
Interest on long-term debt	(200,993)			
Total governmental activities	<u>(1,612,148)</u>	<u>213,782</u>	<u>31,096</u>	
Business-type activities				
Sewer system	<u>(1,764,738)</u>	<u>82,997</u>		<u>1,362,548</u>
Total	<u>\$ (3,376,886)</u>	<u>\$ 296,779</u>	<u>\$ 31,096</u>	<u>\$ 1,362,548</u>

General revenues  
Property taxes  
State shared revenues  
Interest income  
Rental income  
Other income  
  
Total general revenues  
  
Changes in net assets  
  
Net assets, July 1, 2003  
  
Net assets, June 30, 2004

The notes are an integral part of the financial statements.

Net (Expenses) Revenue and Changes		
Net Assets		
Governmental Activities	Business- type Activities	Total
\$ (335,812)	\$	\$ (335,812)
(59,918)		(59,918)
(64,028)		(64,028)
(706,519)		(706,519)
<u>(200,993)</u>		<u>(200,993)</u>
<u>(1,367,270)</u>		<u>(1,367,270)</u>
	<u>(319,193)</u>	<u>(319,193)</u>
<u>(1,367,270)</u>	<u>(319,193)</u>	<u>(1,686,463)</u>
261,708		261,708
487,630		487,630
441,034	994,018	1,435,052
11,750		11,750
<u>24,464</u>	<u>27,515</u>	<u>51,979</u>
<u>1,226,586</u>	<u>1,021,533</u>	<u>2,248,119</u>
(140,684)	702,340	561,656
<u>5,578,617</u>	<u>23,424,696</u>	<u>29,003,313</u>
<u>\$ 5,437,933</u>	<u>\$ 24,127,036</u>	<u>\$ 29,564,969</u>

FUND  
FINANCIAL STATEMENTS

MARION TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<u>General Fund</u>	<u>Water System Assessment Fund</u>	<u>Water New User Fund</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 933,269	\$ 1,671,472	\$ 593,305
Receivables			
Special assessments	49,947	3,169,280	1,542,077
State shared revenues	152,261		
Accounts	17,804		
Due from other funds	<u>103,969</u>		
Total assets	<u>\$ 1,257,250</u>	<u>\$ 4,840,752</u>	<u>\$ 2,135,382</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 40,199	\$	\$
Accrued wages and absences	24,606		
Due to others	33,325		312,630
Due to other funds			9,569
Deferred revenues	<u>49,947</u>	<u>3,169,280</u>	<u>1,542,077</u>
Total liabilities	<u>148,077</u>	<u>3,169,280</u>	<u>1,864,276</u>
FUND BALANCES			
Unreserved	1,109,173		
Reserved for road maintenance			
Reserved for debt service		1,671,472	
Reserved for utility systems			<u>271,106</u>
Total fund balances	<u>1,109,173</u>	<u>1,671,472</u>	<u>271,106</u>
Total liabilities and fund balances	<u>\$ 1,257,250</u>	<u>\$ 4,840,752</u>	<u>\$ 2,135,382</u>

The notes are an integral part of the financial statements.

<u>Other Non-major Funds</u>	<u>Total</u>
\$ 177,131	\$ 3,375,177
11,709	4,773,013
	152,261
	17,804
	<u>103,969</u>
<u>\$ 188,840</u>	<u>\$ 8,422,224</u>

\$ 1,451	\$ 41,650
	24,606
	345,955
	9,569
<u>11,709</u>	<u>4,773,013</u>
<u>13,160</u>	<u>5,194,793</u>

123,309	1,232,482
52,371	52,371
	1,671,472
	<u>271,106</u>
<u>175,680</u>	<u>3,227,431</u>
<u>\$ 188,840</u>	<u>\$ 8,422,224</u>

MARION TOWNSHIP  
RECONCILIATION OF STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
JUNE 30, 2004

Amounts reported for governmental activities in the Statement  
of Net Assets are different because:

Total fund balance per balance sheet	\$ 3,227,431
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. This activity consists of:	
Historical cost	\$ 1,255,092
Depreciation	<u>(279,304)</u>
Capital assets net of depreciation	975,788
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:	
Contracts payable	(3,538,299)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.	<u>4,773,013</u>
Net assets of governmental activities	<u>\$ 5,437,933</u>

The notes are an integral part of the financial statements.

MARION TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund	Water System Assessment Fund	Water New User Fund
REVENUES			
Taxes	\$ 261,708	\$	\$
Special assessments	16,830	591,817	243,978
State shared revenues	487,630		
Licenses and permits	86,126		
Connection fees			31,096
Rental income	26,579		
Charges for services	101,827		
Interest	16,837	17,687	7,324
Miscellaneous	20,619	3,702	
Total revenues	<u>1,018,156</u>	<u>613,206</u>	<u>282,398</u>
EXPENDITURES			
General government	526,250		
Fire protection	74,747		
Parks and recreation	64,028		
Public works	50,796		622,286
Capital outlay	546,999		
Debt service		433,399	
Total expenditures	<u>1,262,820</u>	<u>433,399</u>	<u>622,286</u>
Excess of revenues over (under) expenditures	<u>(244,664)</u>	<u>179,807</u>	<u>(339,888)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	180,658		
Transfers in	89,661		
Transfers (out)	(25,000)		
Total other financing sources (uses)	<u>245,319</u>		
Excess of revenues over (under) expenditures and other financing sources (uses)	655	179,807	(339,888)
FUND BALANCE, JULY 1, 2003	<u>1,108,518</u>	<u>1,491,665</u>	<u>610,994</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 1,109,173</u>	<u>\$ 1,671,472</u>	<u>\$ 271,106</u>

The notes are an integral part of the financial statements.



<u>Non-major Funds</u>	<u>Total</u>
\$	\$ 261,708
14,862	867,487
	487,630
	86,126
	31,096
	26,579
11,000	112,827
2,194	44,042
<u>143</u>	<u>24,464</u>
<u>28,199</u>	<u>1,941,959</u>
	526,250
	74,747
	64,028
75,533	748,615
	546,999
	<u>433,399</u>
<u>75,533</u>	<u>2,394,038</u>
<u>(47,334)</u>	<u>(452,079)</u>
	180,658
25,000	114,661
<u>(89,661)</u>	<u>(114,661)</u>
<u>(64,661)</u>	<u>180,658</u>
(111,995)	(271,421)
<u>287,675</u>	<u>3,498,852</u>
<u>\$ 175,680</u>	<u>\$ 3,227,431</u>

**MARION TOWNSHIP**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ (271,421)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 564,476
Depreciation expense	<u>(14,992)</u>

Total	549,484
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Repayment of contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

Repayment of contracts payable	232,406
--------------------------------	---------

Proceeds from long-term debt provide current financial resources to governmental funds, but the issuing of debt increase long-term liabilities in the Statement of Activities.

(180,658)

Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities

(470,495)

Change in net assets of governmental activities

\$ (140,684)

The notes are an integral part of the financial statements.

MARION TOWNSHIP  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND - SEWER FUND  
JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash and investments	\$ 3,785,503
Accounts receivable – usage	25,851
Special assessments receivable – bonded	999,808
Special assessments receivable – unbonded	10,148
Mortgage receivable - bonded	<u>15,220</u>

Total current assets \$ 4,836,530

PROPERTY, PLANT AND EQUIPMENT

Sewer collection system	12,864,902
Sewer plant	9,795,116
Computers, equipment, software	134,102
Land	<u>166,051</u>
	22,960,171
Less: accumulated depreciation	<u>2,356,980</u>

Net property, plant and equipment 20,603,191

OTHER ASSETS

Special assessments receivable – bonded	12,911,123
Special assessments receivable – unbonded	152,227
Mortgage receivable - bonded	<u>414,172</u>

Total other assets 13,477,522

RESTRICTED ASSETS

Cash and cash equivalents – phase II plant	155
Investments - phase II plant	<u>1,844,776</u>

Total restricted assets 1,844,931

Total assets \$ 40,762,174

The notes are an integral part of the financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 56,184
Due to other funds	92,554
Contract payable - City of Howell	470,700
Contract payable - (Livingston County) series 1997A	200,000
Contract payable - (Livingston County) series 1999	<u>650,000</u>

Total current liabilities \$ 1,469,438

LONG-TERM LIABILITIES

Contract payable - City of Howell	470,700
Contract payable - (Livingston County) series 1997A	3,075,000
Contract payable - (Livingston County) series 1999	<u>11,620,000</u>

Total long-term liabilities 15,165,700

Total liabilities 16,635,138

NET ASSETS

Retained earnings 24,127,036

Total liabilities and net assets \$ 40,762,174

MARION TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND - SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2004

OPERATING REVENUE

User charges	\$	82,997
New user connection fees		<u>891,848</u>

Total operating revenue		\$ 974,845
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OPERATING EXPENSES

Contract labor		34,176
Sewer usage fee		76,128
Depreciation expense		658,752
Utilities		4,715
Telephone		2,789
Administrative fees – reimbursement to general fund		8,059
Professional fees		95,193
Administrative fees – billing administration (Genoa Township)		12,134
Repairs and maintenance		<u>14,109</u>

Total operating expenses		<u>906,055</u>
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Operating income		68,790
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NON-OPERATING REVENUES AND (EXPENSES)

Interest income - assessments		935,840
Interest income - financial institutions		58,178
Other income		27,515
Interest expense - debt		(810,713)
Agent fees - debt		(600)
Refunds – assessments, other		(1,144)
Other expense - assessment adjustment		(41,794)
Unrealized (loss) on investments		(4,432)
Reimbursement from county - additional REU purchases		<u>470,700</u>

Total non-operating revenue		<u>633,550</u>
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Net income		702,340
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NET ASSETS, JULY 1, 2003		<u>23,424,696</u>
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NET ASSETS, JUNE 30, 2004		<u>\$ 24,127,036</u>
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MARION TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash receipts from:		
Customer usage	\$	75,210
New user fees		29,000
Other funds		<u>35,162</u>
Total cash receipts	\$	139,372
Cash disbursements to:		
Operating vendors		<u>(194,182)</u>
Net cash (used in) operating activities		(54,810)

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Special assessment collections - principal	1,235,786	
Special assessment collections - interest	935,840	
Interest income - banks	58,178	
Repayment of contracts payable - principal	(850,000)	
Repayment of contracts payable - interest	(810,713)	
Agent fees	(600)	
Refunds	<u>(1,144)</u>	
Net cash flows from capital and related financing activities		567,347

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

Other income	27,515	
Reimbursement from county	470,700	
Investment purchases	(828,156)	
Sewer infrastructure additions	<u>(531,766)</u>	
Net cash flows (used in) investing activities		<u>(861,707)</u>
(Decrease) in cash		(349,170)
Cash balance July 1, 2003		<u>4,134,828</u>
Cash balance June 30, 2004		<u>\$ 3,785,658</u>

SUPPLEMENTAL INFORMATION - NON CASH INVESTMENTS IN SEWER INFRASTRUCTURE

During the year, sewer infrastructure (collection system) increased approximately \$863,000 as a result of various developers adding sewer lines, pumps and incidentals to the Marion Township system. The developers pay for the infrastructure and once completed, transfer title to the Township. The Township is responsible for future maintenance and replacement.

RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH FROM (USED IN) BY OPERATING ACTIVITIES

Operating income	\$	68,790
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense		658,752
Additions to system paid by others included in connection fees		(862,848)
Change in assets and liabilities:		
Receivables, net		27,375
Accounts and other payables		<u>53,121</u>
Net cash from (used in) operating activities	\$	<u>(54,810)</u>

The notes are an integral part of the financial statements.

NOTES  
TO  
FINANCIAL  
STATEMENTS

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

**A. THE REPORTING ENTITY**

Marion Township is located in Livingston County, Michigan. The Township operates under a Township Board consisting of five members and provides various services to its residents.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) in its Statement 39 for determining the various governmental organizations to be included in the financial reporting entity. The Township is the primary government having oversight responsibility and control over all activities. The Township receives funding from local and state government sources and must comply with all requirements of these funding source entities. As required by generally accepted accounting principles, the financial statements of the reporting entity include those activities of the Township (there primary government) and do not include any other component unit within its financial statements.

The following potential component units have been evaluated under the criteria established by GASB statement number 39 and determined not to be component units based on financial independence and accountability.

1. Marion, Howell, Oceola, Genoa Sewer and Water Authority (MHOG) - Marion Township appoints two members of the Authority's eight member board. The Authority is fiscally independent from the Township. The Authority is audited as an independent entity in compliance with Public Act 2.
2. Howell Area Fire Authority - Marion Township appoints one member of the Authority's six member board. The Authority was incorporated January 1, 2002 and is audited as an independent entity in compliance with Public Act 2.

**B. BASIC FINANCIAL STATEMENTS**

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.



MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds, are combined in a single column on the fund financial statements.

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Water Assessment Fund accounts for all the activity associated with the activity surrounding the collection of special assessment and payment of debt service for the Township's involvement with area utility authorities.

The Water New User Fund accounts for the activity associated with the collection and subsequent disbursement of connection fees to area utility authorities.

The Township reports the following major business-type fund:

The Sewer Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Modified accrual is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise fund on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise fund is combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary fund financial statements.

The enterprise fund accounts for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETS AND BUDGETARY ACCOUNTING

1. A 2003 - 2004 fiscal year budget for each governmental fund was adopted by the Township Board in June of 2003. The budget includes proposed expenditures and means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. The budget for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
4. Appropriations lapse at year end.
5. Budgeted amounts are as originally adopted or as amended by the Township Board.

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000) and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property are considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 50 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. PROPERTY TAXES

The Township's property taxes are levied and become a lien on December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14th, with the final collection date of February 28th before they are added to the county delinquent tax rolls.

For the year ended June 30, 2004, the Township recognized the property taxes levied December 1, 2003 as revenue.

State Equalized Value:	\$ 407,001,800
Taxable Value:	\$ 300,171,150
Township Millage Rate Operations:	.8634
Fire Millage Rate (Howell Fire Authority)	1.1

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

G. INVESTMENTS

Investments are stated at lower of cost or market.

H. CASH EQUIVALENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 2 - CASH AND INVESTMENTS

State statutes authorizes the Township to invest surplus funds in certificates of deposit, savings accounts and deposit accounts with banks that are members of FDIC, savings and loan associations that are insured by the FDIC, credit unions which are insured by NCUA, bonds, bills or notes of the U.S., commercial paper rated within the 3 highest classifications established, U.S. or federal agency obligation repurchase agreements, bankers' acceptances and mutual funds composed entirely of the aforementioned investments that are in compliance with statutory authority.

The carrying amount of the Township's deposits with financial institutions (excluding petty cash of \$300) was \$9,007,155. At June 30, 2004, bank deposits and petty cash are classified as cash of \$6,020,928 and investments of \$2,986,227 on the financial statements. At year end, the actual deposit and investment balances amounted to \$9,013,556, of this amount \$900,791 was covered by Federal Depository Insurance Corporation (FDIC) insurance, \$500,000 of money funds was covered by Securities Investor Protection Corporation (SIPC) insurance, \$312,816 of money funds was covered by additional insurance provided by Citigroup, \$1,844,776 of Government Bonds was backed by the U.S. Treasury, and \$6,267,8346 was uninsured and uncollateralized.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the individual funds at June 30, 2004 are as follow:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 103,970	\$
Water New User Fund		9,569
Sewer Fund		92,555
Current Tax Fund		1,846
Total	<u>\$ 103,970</u>	<u>\$ 103,970</u>

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 4 - CAPITAL ASSETS

A summary of changes in governmental fund capital is as follows:

	<u>Balance 7/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/04</u>
Land	\$ 89,387	\$	\$	\$ 89,387
Buildings	549,585			549,585
Equipment	<u>28,000</u>			<u>28,000</u>
Total	666,972			666,972
Less accumulated depreciation	<u>(264,312)</u>	<u>(14,992)</u>		<u>(279,304)</u>
Net book value	<u>\$ 402,660</u>	<u>\$ 14,992</u>	<u>\$</u>	<u>\$ 387,668</u>
Construction in progress				
Township hall	<u>\$ 23,644</u>	<u>\$ 564,476</u>	<u>\$</u>	<u>\$ 588,120</u>

A summary of proprietary fund fixed assets at June 30, 2004, is as follows:

	<u>Balance 7/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/04</u>
Sewer collection system	\$ 11,994,248	\$ 870,654	\$	\$ 12,864,902
Sewer plant	8,298,543	1,496,573		9,795,116
Computers, equipment, software	134,102			134,102
Land	<u>166,051</u>			<u>166,051</u>
Total cost	20,592,944	2,367,227		22,960,171
Less accumulated depreciation	<u>(1,698,228)</u>	<u>(658,752)</u>		<u>(2,356,980)</u>
Net book value	<u>\$ 18,894,716</u>	<u>\$ 1,708,475</u>	<u>\$</u>	<u>\$ 20,603,191</u>

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 5 - LONG-TERM DEBT

The following is a summary of the Township's debt categorized as governmental or proprietary fund for the year ended June 30, 2004:

Government Fund Contracts Payable

1. Payable to Livingston County Department of Public Works (Series C); Joint water treatment plant and water distribution system; Interest is charged at 5.25% to 5.75% per annum, payable semi-annually; Maturity is on May 2, 2016.
2. Payable to Livingston County Department of Public Works (Series D); Joint water treatment plant and water distribution system; Interest is charged at 5.12% to 8% per annum, payable semi-annually; Maturity is on June 1, 2016.
3. Payable to Livingston County Department of Public Work (Series E); Joint water treatment plant and water distribution system; Interest is charged at 5.20% to 5.375% per annum, payable semi-annually; Maturity is on June 1, 2016.
4. Payable to Richland Co. as of June 30, 2004; Payable to First National Bank as of September 23, 2004 for Township Hall Expansion; Interest is charged at 3.18%, payable quarterly, maturity date is September 22, 2014.

Total governmental fund long-term debt

Proprietary Long-Term Debt-Contracts Payable

1. Payable to Livingston County Department of Public Works (Series 1997A); Sewer plant and collection system; Interest is charged at 5% to 5.5% per annum, payable semi-annually; Maturity date is on June 1, 2017.
2. Payable to Livingston County Department of Public Works (Series 1999); Sewer plant and collection system; Interest is charged at 4.5% to 5.215% per annum, payable semi-annually; Maturity date is on June 1, 2019.

Total proprietary long-term debt

Total township long-term debt



<u>Balance 7-1-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-04</u>
\$ 2,225,000	\$	\$ 175,000	\$ 2,050,000
832,409		35,185	797,224
532,639		22,222	510,417
	<u>180,658</u>		<u>180,658</u>
<u>3,590,048</u>	<u>180,658</u>	<u>232,407</u>	<u>3,538,299</u>
3,475,000		200,000	3,275,000
<u>12,920,000</u>		<u>650,000</u>	<u>12,270,000</u>
<u>16,395,000</u>		<u>850,000</u>	<u>15,545,000</u>
<u>\$ 19,985,048</u>	<u>\$ 180,658</u>	<u>\$ 1,082,407</u>	<u>\$ 19,083,299</u>

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 5 - LONG-TERM DEBT - continued

The following is a schedule of principal and interest payments to service the long-term debt of the Township:

		Governmental Fund Long-Term Debt Contracts Payable	
		Principal	Interest
2004 - 2005		\$ 244,902	\$ 191,296
2005 - 2006		249,220	178,827
2006 - 2007		299,743	165,884
2007 - 2008		306,523	150,172
2008 - 2009		307,093	133,918
2009 - 2010 and remaining		<u>2,130,818</u>	<u>591,499</u>
Total		<u>\$ 3,538,299</u>	<u>\$ 1,411,596</u>

		Proprietary Fund Long-Term Debt Contracts Payable	
		Principal	Interest
2004 - 2005		\$ 850,000	\$ 772,246
2005 - 2006		950,000	732,184
2006 - 2007		950,000	687,308
2007 - 2008		1,000,000	642,183
2008 - 2009		1,000,000	594,496
2009 - 2010 and remaining		<u>10,795,000</u>	<u>2,990,885</u>
Total		<u>\$ 15,545,000</u>	<u>\$ 6,419,302</u>

		Total	
		Principal	Interest
2004 - 2005		\$ 1,094,902	\$ 963,542
2005 - 2006		1,199,220	911,011
2006 - 2007		1,249,743	853,192
2007 - 2008		1,306,523	792,355
2008 - 2009		1,307,093	728,414
2009 - 2010 and remaining		<u>12,925,818</u>	<u>\$ 3,582,384</u>
Total		<u>\$ 19,083,299</u>	<u>\$ 7,830,898</u>

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 - SEGMENT INFORMATION - ENTERPRISE FUND

The following represents segment information for the enterprise fund:

Net income	\$ 702,340
Total assets	40,762,174
Working capital	3,367,092
Total liabilities	16,635,138
Total equity	24,127,036
Net changes in cash and cash equivalents	(349,170)

NOTE 7 - PENSION PLAN

The Township has adopted the Manulife "New Dimensions" Pension Plan for Michigan Township employees. All elected/appointed officials and employees averaging 20 or more hours a week are eligible for participation in this single-employer plan. The Township contributes 8.0% of compensation. The employee may also voluntarily contribute up to 10% of after-tax compensation. The Township's payroll for employees covered by the plan for the year ended June 30, 2004 was \$258,689 total payroll for the year was \$278,154.

TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS	<u>\$ 20,689</u>
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NOTE 8 - SIGNIFICANT CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Township to concentrations of credit risk consist principally of cash and investments. Risk associated with cash and investments is disclosed in Note 2.

NOTE 9 - STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year.

The indirect method was utilized to present cash flows from operations. The following is a summary of beginning and ending cash and cash equivalents for the sewer enterprise fund:

	<u>7/01/03</u>	<u>6/30/04</u>
Current assets		
Cash and cash equivalents	<u>\$ 4,134,828</u>	<u>\$ 3,785,658</u>

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30 2004

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. The Township is involved in significant legal proceedings as a defendant. The plaintiff is a development company which owns land in the sewer district. The proceedings are related to sewer special assessments. The plaintiff claims include the following:

- procedural deficiencies in the creation of special assessment districts for sewer improvements;
- and the assessment is disproportionate to the benefit to the plaintiff's property from the sewer improvement.

The total sewer assessment on the plaintiff's property is approximately \$3.3 million. The plaintiff feels the assessment is approximately three times greater than it should be. Thus, the plaintiff could be seeking a reduction in its assessment upward to \$2 million.

Management believes the likelihood of an unfavorable outcome to the Township is less than 50%.

B. The Township is currently involved in several other disputes related to various matters. Some of these disputes could result in costs to the township. An estimate of the costs could not be made as of the report date.

NOTE 11 - ECONOMIC CONCENTRATION OF RISK

The Township's sewer system had only 488 customers connected and being billed as of June 30, 2004. The sewer fund had an operating loss of (\$74,598) (after subtracting connection fees and adding back depreciation expense) (see page 77) for the year ended June 30, 2004. However, the Township needs to have approximately 980 customers connected and being billed to break-even at the current rates.

NOTE 12 – IMPLEMENTATION OF GASB STATEMENT NO. 34

The Township has implemented the standards required by GASB Statement No. 34 for the year ended June 30, 2004. All required statements and disclosures have been included in the basic financial statements.

MARION TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30 2004

**NOTE 13 - RECONCILIATION OF FUND FINANCIAL STATEMENTS  
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet \$ 3,227,431

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. This activity consists of:

Historical cost	\$ 1,255,092
Depreciation	<u>(279,304)</u>

Capital assets net of depreciation 975,788

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:

Contracts payable (3,538,299)

Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed. 4,773,013

Net assets of governmental activities \$ 5,437,933

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds \$ (271,421)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 564,476
Depreciation expense	<u>(14,992)</u>

Total 549,484

Repayment of contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

Repayment of contracts payable 232,406

Proceeds from long-term debt provide current financial resources to governmental funds, but the issuing of debt increase long-term liabilities in the Statement of Activities.

(180,658)

Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities

Principal collected on assessments (470,495)

Change in net assets of governmental activities \$ (140,684)

REQUIRED  
SUPPLEMENTARY  
INFORMATION

MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	Budgets		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 261,708	\$
Special assessments			16,830	
Licenses and permits			86,126	
State shared revenues			487,630	
Charges for services			101,827	
Other revenues			64,035	
Total revenues	991,433	967,120	1,018,156	51,036
EXPENDITURES	1,107,199	1,457,779	1,262,820	194,959
Excess (deficiency) of revenues over (under) expenditures	(115,766)	(490,659)	(244,664)	245,995
OTHER FINANCING SOURCES (USES)				
Transfers (out)		(25,000)	(25,000)	
Loan proceeds		250,000	180,658	(69,342)
Transfers - in		89,661	89,661	
Total other financing sources (uses)		314,661	245,319	(69,342)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(115,766)	(175,998)	655	176,653
FUND BALANCE, JULY 1, 2003	1,108,518	1,108,518	1,108,518	
FUND BALANCE, JUNE 30, 2004	\$ 992,752	\$ 932,520	\$ 1,109,173	\$ 176,653

MARION TOWNSHIP  
WATER SYSTEM ASSESSMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Special assessments - principal	\$ 360,000	\$ 360,000	\$ 349,671	\$ (10,329)
Special assessments - interest	290,000	290,000	242,146	(47,854)
Interest income	20,000	20,000	17,687	(2,313)
Other income			3,702	3,702
Total revenues	<u>670,000</u>	<u>670,000</u>	<u>613,206</u>	<u>(56,794)</u>
EXPENDITURES				
Debt - principal			232,407	
Debt - interest			200,509	
Agent fees			483	
Total expenditures	<u>633,000</u>	<u>633,000</u>	<u>433,399</u>	<u>199,601</u>
Excess (deficiency) of revenues over expenditures	37,000	37,000	179,807	142,807
FUND BALANCE, JULY 1, 2003	<u>1,491,665</u>	<u>1,491,665</u>	<u>1,491,665</u>	
FUND BALANCE, JUNE 30, 2004	<u>\$ 1,528,665</u>	<u>\$ 1,528,665</u>	<u>\$ 1,671,472</u>	<u>\$ 142,807</u>



SUPPLEMENTARY  
INFORMATION

COMBINING  
FINANCIAL  
STATEMENTS

MARION TOWNSHIP  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2004

	<u>Cemetery Fund</u>	<u>Recreation Fund</u>
<u>ASSETS</u>		
Assets		
Cash	\$ 20,544	\$ 102,686
Special assessments receivable		
Total assets	<u>\$ 20,544</u>	<u>\$ 102,686</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Due to other funds	\$ 1,451	\$
Deferred revenue		
Total liabilities	1,451	
FUND BALANCE	<u>19,093</u>	<u>102,686</u>
Total liabilities and fund balance	<u>\$ 20,544</u>	<u>\$ 102,686</u>

<u>Loves Creek Fund</u>	<u>Road Paving Assessment Fund</u>	<u>Water System Assessment Fund</u>	<u>Totals</u>
\$ 1,530	\$ 52,371	\$ 1,671,472	\$ 1,848,603
	11,709	3,169,280	3,180,989
<u>\$ 1,530</u>	<u>\$ 64,080</u>	<u>\$ 4,840,752</u>	<u>\$ 5,029,592</u>

\$	\$	\$	\$ 1,451
	11,709	3,169,280	3,180,989
	11,709	3,169,280	3,182,440
<u>1,530</u>	<u>52,371</u>	<u>1,671,472</u>	<u>1,847,152</u>
<u>\$ 1,530</u>	<u>\$ 64,080</u>	<u>\$ 4,840,752</u>	<u>\$ 5,029,592</u>

MARION TOWNSHIP  
ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Cemetery Fund</u>	<u>Building Improvement Fund</u>	<u>Recreation Fund</u>
<b>REVENUES</b>			
Special assessments - principal	\$	\$	\$
Special assessments - interest			
Service charges	11,000		
Interest income	39	903	789
Other income	<u>12</u>	<u>54</u>	<u></u>
Total revenues	<u>11,051</u>	<u>957</u>	<u>789</u>
<b>EXPENDITURES</b>			
Construction and maintenance	9,772	40,336	
Debt - principal			
Debt - interest			
Agent fees	<u></u>	<u></u>	<u></u>
Total expenditures	<u>9,772</u>	<u>40,336</u>	<u></u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,279</u>	<u>(39,379)</u>	<u>789</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			25,000
Transfers (out)	<u></u>	<u>(89,661)</u>	<u></u>
Total other financing sources (uses)	<u></u>	<u>(89,661)</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	1,279	(129,040)	25,789
FUND BALANCE, JULY 1, 2003	<u>17,814</u>	<u>129,040</u>	<u>76,897</u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 19,093</u>	<u>\$</u>	<u>\$ 102,686</u>

<u>Loves Creek Fund</u>	<u>Road Paving Assessment Fund</u>	<u>Water System Assessment Fund</u>	<u>Totals</u>
\$ 4,628	\$ 8,609	\$ 349,671	\$ 362,908
	1,625	242,146	243,771
			11,000
10	453	17,687	19,881
	77	3,702	3,845
<u>4,638</u>	<u>10,764</u>	<u>613,206</u>	<u>641,405</u>
8,594	16,831		75,533
		232,407	232,407
		200,509	200,509
		483	483
<u>8,594</u>	<u>16,831</u>	<u>433,399</u>	<u>508,932</u>
<u>(3,956)</u>	<u>(6,067)</u>	<u>179,807</u>	<u>132,473</u>
			25,000
			<u>(89,661)</u>
			<u>(64,661)</u>
(3,956)	(6,067)	179,807	67,812
<u>5,486</u>	<u>58,438</u>	<u>1,491,665</u>	<u>1,779,340</u>
<u>\$ 1,530</u>	<u>\$ 52,371</u>	<u>\$ 1,671,472</u>	<u>\$ 1,847,152</u>

INDIVIDUAL  
FUNDS

GENERAL  
FUND



MARION TOWNSHIP  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS

Cash	\$ 933,269
Accounts receivable – state	152,261
Notes receivable	49,947
Due from others	17,804
Due from other funds	<u>103,969</u>

Total assets		<u>\$ 1,257,250</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 40,199
Escrows due to developers	33,325
Accrued wages	24,606
Deferred revenue	<u>49,947</u>

Total liabilities		\$ 148,077
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FUND BALANCE		<u>1,109,173</u>
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Total liabilities and fund balance		<u>\$ 1,257,250</u>
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MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 267,265	\$ 261,708	\$ (5,557)
Special assessments	10,000	16,830	6,830
Licenses and permits	84,060	86,126	2,066
State shared revenues	454,646	487,630	32,984
Charges for services	98,470	101,827	3,357
Other revenues	<u>52,679</u>	<u>64,035</u>	<u>11,356</u>
Total revenues	967,120	1,018,156	51,036
EXPENDITURES	<u>1,457,779</u>	<u>1,262,820</u>	<u>194,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(490,659)</u>	<u>(244,664)</u>	<u>245,995</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	89,661	89,661	
Transfers (out)	(25,000)	(25,000)	
Loan proceeds	<u>250,000</u>	<u>180,658</u>	<u>(69,342)</u>
Total other financing sources (uses)	<u>314,661</u>	<u>245,319</u>	<u>(69,342)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(175,998)	655	176,653
FUND BALANCE, JULY 1, 2003	<u>1,108,518</u>	<u>1,108,518</u>	
FUND BALANCE, JUNE 30, 2004	<u>\$ 932,520</u>	<u>\$ 1,109,173</u>	<u>\$ 176,653</u>

MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 267,265	\$ 261,708	\$ (5,557)
SPECIAL ASSESSMENTS	<u>10,000</u>	<u>16,830</u>	<u>6,830</u>
LICENSES AND PERMITS			
Park pass permits		135	
Licenses, fees, permits		28,606	
Cable franchise fees		<u>57,385</u>	
Total licenses and permits	<u>84,060</u>	<u>86,126</u>	<u>2,066</u>
STATE SHARED REVENUES	<u>454,646</u>	<u>487,630</u>	<u>32,984</u>
CHARGES FOR SERVICES			
Meeting fees		10,065	
Tax collection administration		91,012	
Fire runs		<u>750</u>	
Total charges for services	<u>98,470</u>	<u>101,827</u>	<u>3,357</u>
OTHER REVENUES			
Printing and publications		2,323	
Interest income		16,837	
Fire station lease		14,829	
Cell tower lease		11,750	
Miscellaneous		12,211	
Metro act		<u>6,085</u>	
Total other revenues	<u>52,679</u>	<u>64,035</u>	<u>11,356</u>
Total revenues	<u>\$ 967,120</u>	<u>\$ 1,018,156</u>	<u>\$ 51,036</u>

MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Salaries	\$	\$ 16,514	\$
Meetings and seminars		2,196	
Membership dues		5,046	
Mileage		27	
Printing and publications		1,671	
Tax chargebacks		314	
Total township board	<u>28,232</u>	<u>25,768</u>	<u>2,464</u>
SUPERVISOR			
Salary		28,644	
Mileage		258	
Total supervisor	<u>29,495</u>	<u>28,902</u>	<u>593</u>
PUBLIC WORKS			
Salary		11,340	
NPDES Phase II		5,778	
Mileage		139	
West Nile		187	
Total public works	<u>20,048</u>	<u>17,444</u>	<u>2,604</u>
ELECTIONS			
Salaries		2,028	
Supplies		771	
Printing and publications		385	
Mileage		26	
Miscellaneous		240	
Total elections	<u>4,700</u>	<u>3,450</u>	<u>1,250</u>
PROFESSIONAL FEES			
Audit fees		6,500	
Accounting services		9,689	
Consulting		6,277	
Software support		129	
Total professional fees	<u>25,000</u>	<u>22,595</u>	<u>2,405</u>

MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ASSESSOR			
Salaries	\$	\$ 43,261	\$
Dues and memberships		883	
Supplies		488	
Mileage		287	
Miscellaneous		350	
Total assessor	<u>50,834</u>	<u>45,269</u>	<u>5,565</u>
ATTORNEYS	<u>30,000</u>	<u>24,326</u>	<u>5,674</u>
CLERK			
Salary		28,644	
Salary deputy and assistant		12,906	
Mileage		84	
Total clerk	<u>42,166</u>	<u>41,634</u>	<u>532</u>
BOARD OF REVIEW			
Salaries		2,060	
Supplies and publications		536	
Total board of review	<u>3,500</u>	<u>2,596</u>	<u>904</u>
TREASURER			
Salary		28,644	
Salary - deputy		24,547	
Salary - assistant		2,717	
Mileage		979	
Miscellaneous		30	
Total treasurer	<u>58,313</u>	<u>56,917</u>	<u>1,396</u>

MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
UNALLOCATED			
Salaries - secretary	\$	\$ 16,613	\$
Salaries - custodial		2,708	
Payroll taxes		31,949	
Insurance - health		41,310	
Insurance - general		31,316	
Pension		20,689	
Trash removal		347	
Supplies		8,382	
Equipment - maintenance		2,084	
Postage		5,559	
Grounds maintenance		3,765	
Buildings maintenance		534	
Telephone		4,509	
Utilities		5,160	
Internet		450	
Tax roll preparation		7,040	
Miscellaneous		4,318	
	<u>200,566</u>	<u>186,733</u>	<u>13,833</u>
Total unallocated			
CEMETERY			
Salary - Sexton	<u>7,500</u>	<u>6,000</u>	<u>1,500</u>
FIRE PROTECTION	<u>74,747</u>	<u>74,747</u>	
ZONING ADMINISTRATOR			
Salary		27,139	
Salary - assistant		5,215	
Mileage		958	
	<u>37,850</u>	<u>33,312</u>	<u>4,538</u>
Total zoning administrator			

MARION TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PLANNING COMMISSION			
Salaries	\$	\$ 14,116	\$
Professional fees		7,764	
Training		75	
Printing and publications		4,249	
Total planning commission	<u>48,600</u>	<u>26,204</u>	<u>22,396</u>
ZONING BOARD OF APPEALS			
Salaries		3,284	
Printing and publications		1,512	
Miscellaneous		304	
Total zoning board of appeals	<u>7,600</u>	<u>5,100</u>	<u>2,500</u>
DRAINS	<u>2,500</u>	<u>2,500</u>	
ROADS			
Road maintenance		9,242	
Dust control		39,054	
Total roads	<u>100,000</u>	<u>48,296</u>	<u>51,704</u>
RECREATION	<u>64,128</u>	<u>64,028</u>	<u>100</u>
CAPITAL OUTLAY			
Building improvements		524,139	
Equipment		22,860	
Total capital outlay	<u>622,000</u>	<u>546,999</u>	<u>75,001</u>
Total expenditures	<u>\$ 1,457,779</u>	<u>\$ 1,262,820</u>	<u>\$ 194,959</u>

CEMETERY  
FUND



MARION TOWNSHIP  
CEMETERY FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS  
Cash

\$ 20,544

LIABILITIES AND FUND BALANCE

LIABILITIES  
Accounts payable

\$ 1,451

FUND BALANCE

19,093

Total liabilities and fund balance

\$ 20,544

MARION TOWNSHIP  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Service charges	\$ 5,000	\$ 11,000	\$ 6,000
Interest	200	39	(161)
Other income		<u>12</u>	<u>12</u>
Total revenues	5,200	11,051	5,851
EXPENDITURES			
Maintenance	<u>12,200</u>	<u>9,772</u>	<u>2,428</u>
Excess (deficiency) of revenues over (under) expenditures	(7,000)	1,279	8,279
FUND BALANCE, JULY 1, 2003	<u>17,814</u>	<u>17,814</u>	
FUND BALANCE, JUNE 30, 2004	<u>\$ 10,814</u>	<u>\$ 19,093</u>	<u>\$ 8,279</u>

BUILDING  
IMPROVEMENT  
FUND

MARION TOWNSHIP  
BUILDING IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 904	\$ 903	\$ (1)
Miscellaneous	<u>54</u>	<u>54</u>	<u></u>
Total revenues	958	957	(1)
EXPENDITURES			
Capital outlay	<u>40,337</u>	<u>40,336</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	(39,379)	(39,379)	
OTHER FINANCING (USES)			
Transfers (out)	<u>(89,661)</u>	<u>(89,661)</u>	<u></u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(129,040)	(129,040)	
FUND BALANCE, JULY 1, 2003	<u>129,040</u>	<u>129,040</u>	<u></u>
FUND BALANCE, JUNE 30, 2004	<u>\$</u>	<u>\$</u>	<u>\$</u>

RECREATION  
FUND

MARION TOWNSHIP  
RECREATION FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS  
Cash

\$ 102,686

FUND BALANCE

FUND BALANCE

\$ 102,686

MARION TOWNSHIP  
RECREATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 500	\$ 789	\$ 289
EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	500	789	289
OTHER FINANCING SOURCES			
Transfers in	<u>25,000</u>	<u>25,000</u>	
Excess (deficiency) of revenues over expenditures and other financing sources	25,500	25,789	289
FUND BALANCE, JULY 1, 2003	<u>76,897</u>	<u>76,897</u>	
FUND BALANCE, JUNE 30, 2004	<u>\$ 102,397</u>	<u>\$ 102,686</u>	<u>\$ 289</u>

LOVES CREEK  
FUND



MARION TOWNSHIP  
LOVES CREEK FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS  
Cash

\$ 1,530

FUND BALANCE

FUND BALANCE

\$ 1,530

MARION TOWNSHIP  
LOVES CREEK FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments - principal	\$ 4,000	\$ 4,628	\$ 628
Interest income	<u>100</u>	<u>10</u>	<u>(90)</u>
Total revenues	4,100	4,638	538
EXPENDITURES			
Maintenance	<u>4,000</u>	<u>8,594</u>	<u>(4,594)</u>
Excess (deficiency) of revenues over (under) expenditures	100	(3,956)	(4,056)
FUND BALANCE, JULY 1, 2003	<u>5,486</u>	<u>5,486</u>	<u>          </u>
FUND BALANCE, JUNE 30, 2004	<u>\$ 5,586</u>	<u>\$ 1,530</u>	<u>\$ (4,056)</u>

ROAD PAVING  
ASSESSMENT  
FUND

MARION TOWNSHIP  
ROAD PAVING ASSESSMENT FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS

Cash	\$	52,371
Special assessments receivable - Winterwood Rd.		5,509
Special assessments receivable - Schroeder Dr.		<u>6,200</u>
Total assets	\$	<u>64,080</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue - Winterwood Rd.	\$	5,509
Deferred revenue - Schroeder Dr.		<u>6,200</u>

Total liabilities	\$	11,709
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FUND BALANCE

Total liabilities and fund balance	\$	<u>64,080</u>
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MARION TOWNSHIP  
ROAD PAVING ASSESSMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments - principal	\$ 17,000	\$ 8,609	\$ (8,391)
Special assessments - interest	3,000	1,625	(1,375)
Interest income	500	453	(47)
Other income		<u>77</u>	<u>77</u>
Total revenues	20,500	10,764	(9,736)
EXPENDITURES			
Road maintenance	<u>20,000</u>	<u>16,831</u>	<u>3,169</u>
Excess (deficiency) of revenues over (under) expenditures	500	(6,067)	(6,567)
FUND BALANCE, JULY 1, 2003	<u>58,438</u>	<u>58,438</u>	
FUND BALANCE, JUNE 30, 2004	<u>\$ 58,938</u>	<u>\$ 52,371</u>	<u>\$ (6,567)</u>

WATER SYSTEM  
ASSESSMENT  
FUND

MARION TOWNSHIP  
WATER SYSTEM ASSESSMENT FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS

Cash	\$ 1,671,472
Special assessments and mortgage receivable	<u>3,169,280</u>

Total assets	<u>\$ 4,840,752</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 3,169,280
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FUND BALANCE

<u>1,671,472</u>
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Total liabilities and fund balance	<u>\$ 4,840,752</u>
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MARION TOWNSHIP  
WATER SYSTEM ASSESSMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments - principal	\$ 360,000	\$ 349,671	\$ (10,329)
Special assessments - interest	290,000	242,146	(47,854)
Interest income	20,000	17,687	(2,313)
Other income		<u>3,702</u>	<u>3,702</u>
Total revenues	<u>670,000</u>	<u>613,206</u>	<u>(56,794)</u>
EXPENDITURES			
Debt - principal		232,407	
Debt - interest		200,509	
Agent fees		<u>483</u>	
Total expenditures	<u>633,000</u>	<u>433,399</u>	<u>199,601</u>
Excess (deficiency) of revenues over expenditures	37,000	179,807	142,807
FUND BALANCE, JULY 1, 2003	<u>1,491,665</u>	<u>1,491,665</u>	
FUND BALANCE, JUNE 30, 2004	<u>\$ 1,528,665</u>	<u>\$ 1,671,472</u>	<u>\$ 142,807</u>



WATER  
NEW USER  
FUND

MARION TOWNSHIP  
WATER NEW USER FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS

Cash	\$ 593,305
Special assessments receivable - unbonded	<u>1,542,077</u>
Total assets	<u>\$ 2,135,382</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue - unbonded	\$ 1,542,077
Due to other funds	9,569
Due to others	<u>312,630</u>

Total liabilities	\$ 1,864,276
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FUND BALANCE	<u>271,106</u>
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Total liabilities and fund balance	<u>\$ 2,135,382</u>
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MARION TOWNSHIP  
WATER NEW USER FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2004

REVENUES

New user fees	\$ 15,436
Special assessments - principal	111,045
Special assessments - interest	132,933
Interest income	7,324
Gain on assessment change	<u>15,660</u>

Total revenues

\$ 282,398

EXPENDITURES

Administration fees	8,059
Construction	600,000
Maintenance	4,476
Professional fees	6,420
Other	<u>3,331</u>

Total expenditures

622,286

Excess (deficiency) of revenues over  
(under) expenditures

(339,888)

FUND BALANCE, JULY 1, 2003

610,994

FUND BALANCE, JUNE 30, 2004

\$ 271,106

SEWER  
FUND

MARION TOWNSHIP  
SEWER FUND  
STATEMENT OF REVENUES AND EXPENSES FOR OPERATIONS ONLY  
FOR THE YEARS ENDED JUNE 30, 2004, 2003 AND 2002

	<u>6-30-04</u>	<u>6-30-03</u>	<u>6-30-02</u>
REVENUE			
User charges – quarterly charges for usage	\$ <u>82,997</u>	\$ <u>51,546</u>	\$ <u>26,503</u>
EXPENSES			
Contract labor	34,176	29,014	21,468
Sewer usage fee	76,128	67,525	64,962
Utilities	4,715	4,845	4,350
Telephone	2,789	2,785	2,751
Administrative fees – reimbursement to general fund	8,059	10,947	2,615
Administrative fees – billing admin. (Genoa Twp.)	12,134	5,745	2,935
Professional fees	5,485	1,560	3,500
Repairs and maintenance	<u>14,109</u>		
Total expenses	<u>157,595</u>	<u>122,421</u>	<u>102,581</u>
Net operating (loss)	\$ <u>(74,598)</u>	\$ <u>(70,875)</u>	\$ <u>(76,078)</u>

MARION TOWNSHIP  
SEWER FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS –  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
User charges	\$ 65,000	\$ 82,997	\$ 17,997
Interest income – assessments	875,000	935,840	60,840
Interest income – bank	55,000	58,178	3,178
Connection fees	30,000	891,848	861,848
Other income		27,515	27,515
County reimbursement		<u>470,700</u>	<u>470,700</u>
Total revenues	<u>1,025,000</u>	<u>2,467,078</u>	<u>1,442,078</u>
EXPENSES			
Debt-interest expense	815,000	810,713	4,287
Maintenance of system (contract labor)	40,000	34,176	5,824
Administrative fees – billing admin.	10,000	12,134	(2,134)
Professional fees	62,500	95,193	(32,693)
Administrative fees – reimbursement to general fund	15,824	8,059	7,765
Supplies/fees	1,000		1,000
Repairs and maintenance	15,000	14,109	891
Utilities	5,000	4,715	285
Sewer usage	78,000	76,128	1,872
Depreciation		658,752	(658,752)
Telephone	2,500	2,789	(289)
Other	<u>5,000</u>	<u>47,970</u>	<u>(42,970)</u>
Total expenses	<u>1,049,824</u>	<u>1,764,738</u>	<u>(714,914)</u>
NET REVENUES AND EXPENSES	(24,824)	702,340	727,164
BEGINNING RETAINED EARNINGS	<u>23,424,696</u>	<u>23,424,696</u>	
ENDING RETAINED EARNINGS	<u>\$ 23,399,872</u>	<u>\$ 24,127,036</u>	<u>\$ 727,164</u>

MARION TOWNSHIP  
SEWER FUND  
STATEMENT OF CHANGES IN FUND EQUITY  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Retained Earnings Reserved</u>	<u>Retained Earnings (Deficit) Unreserved</u>	<u>Total</u>
BALANCES, JULY 1, 2003	\$ 23,571,649	\$ (146,953)	\$ 23,424,696
Operating (loss) excluding connection fees and depreciation expense		(164,306)	(164,306)
Allocation of professional fees	(89,708)	89,708	
Connection fees	891,848		891,848
Depreciation (expense)	(658,752)		(658,752)
Interest income	994,018		994,018
Other income - assessment penalties	27,515		27,515
Interest (expense) - debt	(810,713)		(810,713)
Agent (fees) - debt	(600)		(600)
Refunds - assessments (expense)	(1,144)		(1,144)
Other expense - assessment adjustment	(41,794)		(41,794)
Unrealized (loss) on investments	(4,432)		(4,432)
Reimbursement from county - additional REU purchases	<u>470,700</u>		<u>470,700</u>
BALANCES, JUNE 30, 2004	<u>\$ 24,348,587</u>	<u>\$ (221,551)</u>	<u>\$ 24,127,036</u>

MARION TOWNSHIP  
SEWER FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Operating income		\$ 68,790
Adjustments to operating income		
Depreciation	\$ 658,752	
Additions to system paid by developers and others included in connection fees	(862,848)	
Changes in assets and liabilities		
(Increase) in accounts receivable	(7,787)	
Decrease in due from other funds	35,162	
Increase in accounts payable	20,702	
Increase in due to other funds	<u>32,419</u>	
Total adjustments		<u>(123,600)</u>
Net cash (used in) operating activities		(54,810)

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED  
FINANCING ACTIVITIES

Special assessment collections - principal	1,235,786	
Special assessment collections - interest	935,840	
Interest income - banks	58,178	
Repayment of contracts payable - principal	(850,000)	
Repayment of contracts payable - interest	(810,713)	
Agent fees	(600)	
Refunds	<u>(1,144)</u>	
Net cash flows from capital and related financing activities		567,347

CASH FLOWS FROM (USED IN)  
INVESTING ACTIVITIES

Other income	27,515	
Reimbursement from county	470,700	
Investment purchases	(828,156)	
Sewer infrastructure additions	<u>(531,766)</u>	
Net cash flows (used in) investing activities		<u>(861,707)</u>
(Decrease) in cash		(349,170)
Cash balance July 1, 2003		<u>4,134,828</u>
Cash balance June 30, 2004		<u>\$ 3,785,658</u>



CURRENT  
TAX  
FUND

MARION TOWNSHIP  
CURRENT TAX FUND  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

ASSETS  
Cash

\$ 1,846

LIABILITIES

LIABILITIES  
Due to other funds

\$ 1,846